

# QUARTERLY REPORT

On consolidated results for the third quarter ended 31 March 2013

The Directors are pleased to announce the following:

## Unaudited Condensed Consolidated Statement of Profit or Loss Amounts in RM million

	Note	Quarter ended 31 March			Three quarters ended 31 March		
		2013	2012	% +/( -)	2013	2012	% +/( -)
<b>Continuing operations</b>							
Revenue	A7	10,844.2	10,942.3	(0.9)	33,840.2	33,223.5	1.9
Operating expenses		(10,302.4)	(10,083.4)		(31,567.3)	(29,808.5)	
Other operating income		482.2	362.0		1,135.7	918.4	
Operating profit	B6	1,024.0	1,220.9	(16.1)	3,408.6	4,333.4	(21.3)
Share of results of jointly controlled entities		(3.7)	(4.8)		(2.5)	(22.2)	
Share of results of associates		20.2	45.7		71.4	89.5	
<b>Profit before interest and tax</b>	A7	1,040.5	1,261.8	(17.5)	3,477.5	4,400.7	(21.0)
Finance income		19.0	34.5		87.6	123.2	
Finance costs	B6	(124.8)	(108.7)		(337.1)	(261.0)	
<b>Profit before tax</b>		934.7	1,187.6	(21.3)	3,228.0	4,262.9	(24.3)
Tax expense	B7	(220.2)	(258.7)		(744.5)	(1,025.6)	
<b>Profit from continuing operations</b>		714.5	928.9	(23.1)	2,483.5	3,237.3	(23.3)
<b>Discontinuing operations</b>							
Profit/(loss) from discontinuing operations (see note below)		1.1	(0.5)		7.1	(53.7)	
<b>Profit for the period</b>		715.6	928.4	(22.9)	2,490.6	3,183.6	(21.8)
<b>Attributable to owners of:</b>							
- the Company							
- from continuing operations		690.1	876.5		2,382.9	3,104.8	
- from discontinuing operations		1.1	(0.5)		7.1	(53.7)	
		691.2	876.0	(21.1)	2,390.0	3,051.1	(21.7)
- non-controlling interests		24.4	52.4	(53.4)	100.6	132.5	(24.1)
<b>Profit for the period</b>		715.6	928.4	(22.9)	2,490.6	3,183.6	(21.8)
		<b>Sen</b>	<b>Sen</b>		<b>Sen</b>	<b>Sen</b>	
Basic and diluted earnings/(loss) per share attributable to owners of the Company	B13						
- from continuing operations		11.48	14.59		39.65	51.66	
- from discontinuing operations		0.02	(0.01)		0.12	(0.89)	
		11.50	14.58	(21.1)	39.77	50.77	(21.7)

Note :

The discontinuing operations in the current quarter and the three quarters ended 31 March 2013 is in relation to the proposed disposal of the Healthcare business, see Note B8 for details.

The unaudited Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying explanatory notes attached to the interim financial report and the audited financial statements for the year ended 30 June 2012.

**SIME DARBY BERHAD**  
(Company No: 752404-U)

**Unaudited Condensed Consolidated Statement of Comprehensive Income**  
Amounts in RM million

	Quarter ended 31 March		%	Three quarters ended 31 March		%
	2013	2012		2013	2012	
<b>Profit for the period</b>	<u>715.6</u>	<u>928.4</u>	(22.9)	<u>2,490.6</u>	<u>3,183.6</u>	(21.8)
<b>Other comprehensive income/(loss)</b>						
<b>Items that will be reclassified subsequently to profit or loss:</b>						
Currency translation differences:						
- subsidiaries	102.1	(180.5)		(322.1)	(107.0)	
- jointly controlled entities	0.1	(7.8)		(5.4)	(1.4)	
- associates	2.1	(2.0)		(1.1)	0.2	
Net changes in fair value of:						
- available-for-sale investments	(5.0)	1.4		12.6	29.4	
- cash flow hedges	(25.6)	(50.1)		19.4	(50.6)	
Share of other comprehensive income of:						
- jointly controlled entities	(51.6)	–		(51.6)	–	
- associates	(0.1)	–		3.0	(1.7)	
Tax expense relating to components of other comprehensive income	3.4	15.4		3.3	9.8	
	<u>25.4</u>	<u>(223.6)</u>		<u>(341.9)</u>	<u>(121.3)</u>	
<b>Reclassification adjustments:</b>						
Reclassified to profit or loss:						
- currency translation differences	–	(9.5)		–	(9.5)	
- changes in fair value of available-for-sale investments	–	–		(0.2)	(36.6)	
- changes in fair value of cash flow hedges	6.1	27.5		36.7	28.0	
Reclassified to inventories changes in fair value of cash flow hedges	0.4	–		0.1	–	
Tax expense relating to components of other comprehensive income	(1.7)	(8.0)		(11.1)	2.8	
<b>Total other comprehensive income/(loss) from continuing operations</b>	<u>30.2</u>	<u>(213.6)</u>	114.1	<u>(316.4)</u>	<u>(136.6)</u>	(131.6)
Other comprehensive income/(loss) from discontinuing operations	–	58.3		–	(4.6)	
<b>Total comprehensive income for the period</b>	<u>745.8</u>	<u>773.1</u>	(3.5)	<u>2,174.2</u>	<u>3,042.4</u>	(28.5)
<b>Attributable to owners of:</b>						
- the Company						
- from continuing operations	710.6	691.3		2,092.4	2,975.9	
- from discontinuing operations	1.1	57.8		7.1	(58.3)	
	<u>711.7</u>	<u>749.1</u>	(5.0)	<u>2,099.5</u>	<u>2,917.6</u>	(28.0)
- non-controlling interests	34.1	24.0	42.1	74.7	124.8	(40.1)
<b>Total comprehensive income for the period</b>	<u>745.8</u>	<u>773.1</u>	(3.5)	<u>2,174.2</u>	<u>3,042.4</u>	(28.5)

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial report and the audited financial statements for the year ended 30 June 2012.

**SIME DARBY BERHAD**  
**(Company No: 752404-U)**

**Unaudited Condensed Consolidated Statement of Financial Position**  
**Amounts in RM million**

	Note	Unaudited As at 31 March 2013	Audited As at 30 June 2012
<b><u>Non-current assets</u></b>			
Property, plant and equipment		14,090.5	14,003.7
Biological assets		2,415.5	2,417.1
Prepaid lease rentals		1,023.5	1,115.9
Investment properties		549.0	374.8
Land held for property development		813.3	835.2
Jointly controlled entities		642.9	284.1
Associates		1,555.2	1,492.4
Available-for-sale investments		114.2	111.8
Intangible assets		864.9	864.5
Deferred tax assets		825.7	819.6
Tax recoverable		312.5	331.8
Derivatives	B10(a)	3.2	3.2
Receivables		415.0	442.2
		<u>23,625.4</u>	<u>23,096.3</u>
<b><u>Current assets</u></b>			
Inventories		9,751.3	9,491.9
Property development costs		2,082.0	1,764.3
Receivables		6,504.1	6,932.0
Accrued billings and others		1,124.3	1,561.6
Tax recoverable		345.1	128.7
Derivatives	B10(a)	38.3	28.6
Cash held under Housing Development Accounts		566.5	540.9
Bank balances, deposits and cash		4,094.5	4,564.7
		<u>24,506.1</u>	<u>25,012.7</u>
<b>Non-current assets held for sale</b> (see note below)		<u>895.2</u>	<u>42.2</u>
<b>Total assets</b>	A7	<u>49,026.7</u>	<u>48,151.2</u>
<b><u>Equity</u></b>			
Share capital		3,004.7	3,004.7
Reserves		23,183.3	23,011.4
<b>Attributable to owners of the Company</b>		<u>26,188.0</u>	<u>26,016.1</u>
Non-controlling interests		853.3	873.8
<b>Total equity</b>		<u>27,041.3</u>	<u>26,889.9</u>
<b><u>Non-current liabilities</u></b>			
Borrowings	B9	7,868.3	3,930.8
Provisions		84.5	83.6
Retirement benefits		149.1	124.7
Deferred income		200.6	183.7
Deferred tax liabilities		539.4	537.1
Derivatives	B10(a)	35.8	52.7
		<u>8,877.7</u>	<u>4,912.6</u>
<b><u>Current liabilities</u></b>			
Payables		8,415.3	9,476.6
Progress billings and others		74.2	43.9
Borrowings	B9	3,380.3	5,872.6
Provisions		252.2	360.0
Deferred income		34.2	51.2
Tax payable		260.4	431.7
Derivatives	B10(a)	74.1	112.7
Dividend payable		420.7	–
		<u>12,911.4</u>	<u>16,348.7</u>
<b>Liabilities associated with assets held for sale</b> (see note below)		<u>196.3</u>	<u>–</u>
<b>Total liabilities</b>		<u>21,985.4</u>	<u>21,261.3</u>
<b>Total equity and liabilities</b>		<u>49,026.7</u>	<u>48,151.2</u>

**SIME DARBY BERHAD**  
**(Company No: 752404-U)**

**Unaudited Condensed Consolidated Statement of Financial Position (continued)**  
**Amounts in RM million**

Note	Unaudited As at 31 March 2013	Audited As at 30 June 2012
Net assets per share attributable to owners of the Company (RM)	<u>4.36</u>	<u>4.33</u>

**Note:**

	Unaudited As at 31 March 2013	Audited As at 30 June 2012
<b>Non-current assets held for sale</b>		
Non-current assets		
Property, plant and equipment	12.7	7.7
Prepaid lease rentals	0.7	0.7
Investment properties	0.5	7.0
Associates	23.8	26.8
Disposal groups	<u>857.5</u>	<u>-</u>
	<u>895.2</u>	<u>42.2</u>

**Liabilities associated with assets held for sale**

Disposal groups	<u>196.3</u>	<u>-</u>
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The non-current assets held for sale and liabilities associated with assets held for sale, classified as disposal groups, are in respect of Sime Darby Healthcare Sdn Bhd (see note B8) and Syarikat Malacca Straits Inn Sdn Bhd.

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial report and the audited financial statements for the year ended 30 June 2012.

**SIME DARBY BERHAD**  
(Company No: 752404-U)

**Unaudited Condensed Consolidated Statement of Changes in Equity**  
Amounts in RM million

	Share capital	Share premium	Revaluation reserve	Capital reserve	Legal reserve	Hedging reserve	Available-for-sale reserve	Exchange reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
<b>Three quarters ended 31 March 2013</b>												
At 1 July 2012	3,004.7	100.6	67.9	6,748.9	74.8	(64.8)	45.1	983.5	15,055.4	26,016.1	873.8	26,889.9
Total comprehensive income for the period	-	-	-	3.0	-	48.5	12.4	(302.8)	2,338.4	2,099.5	74.7	2,174.2
Transfer between reserves	-	-	-	0.1	0.1	-	-	-	(0.2)	-	-	-
Issue of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	4.0	4.0
Acquisition of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	-	-	11.5	11.5
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(4.5)	(4.5)	(18.5)	(23.0)
Disposal of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	-	-	(4.7)	(4.7)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1.0)	(1.0)
Dividends paid	-	-	-	-	-	-	-	-	(1,502.4)	(1,502.4)	(86.5)	(1,588.9)
Dividends payable	-	-	-	-	-	-	-	-	(420.7)	(420.7)	-	(420.7)
At 31 March 2013	<b>3,004.7</b>	<b>100.6</b>	<b>67.9</b>	<b>6,752.0</b>	<b>74.9</b>	<b>(16.3)</b>	<b>57.5</b>	<b>680.7</b>	<b>15,466.0</b>	<b>26,188.0</b>	<b>853.3</b>	<b>27,041.3</b>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial report and the audited financial statements for the year ended 30 June 2012.

**SIME DARBY BERHAD**  
(Company No: 752404-U)

**Unaudited Condensed Consolidated Statement of Changes in Equity (continued)**  
Amounts in RM million

	Share capital	Share premium	Revaluation reserve	Capital reserve	Legal reserve	Hedging reserve	Available-for-sale reserve	Exchange reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
<b>Three quarters ended 31 March 2012</b>												
At 1 July 2011	3,004.7	100.6	67.9	6,742.5	72.5	79.9	47.4	984.9	12,929.9	24,030.3	787.2	24,817.5
Total comprehensive income for the period	–	–	–	–	–	(14.9)	(8.4)	(110.2)	3,051.1	2,917.6	124.8	3,042.4
Transfer between reserves	–	–	–	–	5.4	–	–	–	(5.4)	–	–	–
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	(61.4)	(61.4)	(27.8)	(89.2)
Dividends paid	–	–	–	–	–	–	–	–	(1,322.1)	(1,322.1)	(52.4)	(1,374.5)
Dividends payable	–	–	–	–	–	–	–	–	(601.0)	(601.0)	–	(601.0)
At 31 March 2012	3,004.7	100.6	67.9	6,742.5	77.9	65.0	39.0	874.7	13,991.1	24,963.4	831.8	25,795.2

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial report and the audited financial statements for the year ended 30 June 2012.

**SIME DARBY BERHAD**  
**(Company No: 752404-U)**

**Unaudited Condensed Consolidated Statement of Cash Flows**  
**Amounts in RM million**

	Note	Three quarters ended 31 March	
		2013	2012
<b>Profit after tax</b>		<b>2,490.6</b>	3,183.6
Adjustments for:			
Gain on disposal of subsidiaries, a jointly controlled entity, an associate and other investments		(13.1)	(30.0)
Gain on disposal of properties		(63.3)	(47.7)
Share of results of jointly controlled entities and associates		(68.9)	(67.3)
Finance income		(88.2)	(123.7)
Finance costs		338.6	262.5
Depreciation and amortisation		943.6	872.7
Amortisation of prepaid lease rentals		37.0	35.6
Tax expense		751.2	1,042.2
Other non-cash items		116.1	(20.7)
		<b>4,443.6</b>	5,107.2
<b>Changes in working capital:</b>			
Inventories and rental assets		(815.2)	(1,526.7)
Property development costs		(262.0)	(13.6)
Land held for property development		(6.3)	(1.4)
Trade and other receivables and prepayments		196.7	(979.1)
Cash held under Housing Development Accounts		(25.6)	14.8
Trade and other payables and provisions		(1,246.3)	(191.4)
<b>Cash generated from operations</b>		<b>2,284.9</b>	2,409.8
Tax paid		(1,125.2)	(1,360.4)
Dividends received from jointly controlled entities and associates		22.7	31.5
Dividends from available-for-sale investments		12.2	33.8
<b>Net cash from operating activities</b>		<b>1,194.6</b>	1,114.7
<b>Investing activities</b>			
Finance income received		82.5	138.3
Purchase of property, plant and equipment		(1,562.2)	(1,065.5)
Purchase of subsidiaries and business	A11.2	(7.3)	(1,157.7)
Purchase/subscription of shares in jointly controlled entities and an associate		(456.7)	(793.6)
Purchase of investment properties		(14.4)	–
Cost incurred on biological assets		(79.2)	(43.5)
Net cash inflow/(outflow) from sale of subsidiaries	A11.1	4.6	(20.1)
Payment for prepaid lease rental		(48.6)	–
Proceeds from sale of a jointly controlled entity and associates		10.0	22.0
Proceeds from sale of available-for-sale investments		10.2	63.5
Proceeds from sale of property, plant and equipment		734.0	44.3
Proceeds from sale of investment property		1.6	55.9
Others		(33.9)	30.6
<b>Net cash used in investing activities</b>		<b>(1,359.4)</b>	(2,725.8)

**SIME DARBY BERHAD**  
**(Company No: 752404-U)**

**Unaudited Condensed Consolidated Statement of Cash Flows (continued)**  
**Amounts in RM million**

	<b>Three quarters ended</b>	
	<b>31 March</b>	
	<b>2013</b>	<b>2012</b>
<b>Financing activities</b>		
Capital repayment and distribution by a subsidiary to owners of non-controlling interest	(1.0)	–
Purchase of additional interest in non-controlling interest	(23.0)	–
Proceeds from shares issued to owner of non-controlling interest	4.0	–
Finance costs paid	(278.7)	(222.2)
Long-term borrowings raised	4,570.1	1,594.7
Repayments of long-term borrowings	(1,573.2)	(354.3)
Revolving credits, trade facilities and other short-term borrowings (net)	(1,349.5)	1,120.6
Dividends paid	(1,588.9)	(1,374.5)
<b>Net cash (used in)/from financing activities</b>	<b>(240.2)</b>	<b>764.3</b>
<b>Net changes in cash and cash equivalents</b>	<b>(405.0)</b>	<b>(846.8)</b>
Foreign exchange differences	(105.1)	(36.4)
Cash and cash equivalents at beginning of the period	4,536.9	4,900.2
<b>Cash and cash equivalents at end of the period</b>	<b>4,026.8</b>	<b>4,017.0</b>
For the purpose of the statement of cash flows, cash and cash equivalents comprised the following:		
Bank balances, deposits and cash	4,094.5	4,051.5
Less:		
Bank overdrafts (Note B9)	(67.7)	(34.5)
	<b>4,026.8</b>	<b>4,017.0</b>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial report and the audited financial statements for the year ended 30 June 2012.



**SIME DARBY BERHAD**  
**(Company No: 752404-U)**

Explanatory Notes on the Quarterly Report – 31 March 2013  
Amounts in RM million unless otherwise stated

**EXPLANATORY NOTES**

This interim financial report is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Financial Reporting Standard (FRS) No. 134 – Interim Financial Reporting and other FRS issued by the Malaysian Accounting Standards Board. The interim financial report is unaudited and should be read in conjunction with the Group's audited annual financial statements for the financial year ended 30 June 2012.

**A. EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1. Basis of Preparation**

a) General

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited annual financial statements for the financial year ended 30 June 2012, other than disclosed below:

- **FRS 124 – Related Party Disclosures**

FRS 124 simplifies the definition of related party and provides partial exemption from disclosures for government-related entities instead of full exemption.

- **Amendments to FRS 7 – Financial Instruments: Disclosures**

Amendments to FRS 7 stipulates the disclosure requirements for all transferred financial assets that are not derecognised and also for any continuing involvement in a transferred financial asset.

- **Amendments to FRS 101 – Presentation of Financial Statements**

FRS 101 requires items of 'other comprehensive income' including their associated tax to be presented into two groupings which consists of those that would not be reclassified subsequently to profit or loss and those that will be reclassified subsequently to profit or loss when specific conditions are met.

The adoption of the revised standards and subsequent amendments to the standards do not have any significant impact to the Group during the financial period to date.

The Malaysian Financial Reporting Standards Framework (MFRS Framework) is a fully IFRS-compliant framework which is applicable for all non-private entities for annual periods beginning on or after 1 January 2012, other than Transitioning Entities (TEs), which may defer adoption by two years in view of potential changes on the horizon which may change current accounting treatments.

TEs are non-private entities within the scope of MFRS 141 – Agriculture and IC Interpretation 15 – Agreements for the Construction of Real Estate, including their parent, significant investor and venturer.

The Group being a TE, will adopt the MFRS Framework with effect from 1 July 2014.

**SIME DARBY BERHAD**  
**(Company No: 752404-U)**

Explanatory Notes on the Quarterly Report – 31 March 2013  
Amounts in RM million unless otherwise stated

**A1. Basis of Preparation (continued)**

- b) Financial reporting standards under the existing FRS Framework that have yet to be adopted in preparing this interim financial report are given below. These adoptions will not result in any changes to the Group's accounting policies, results and financial position.
- (i) New, revision and amendments to standards that will be effective for annual periods beginning on or after 1 January 2013:
- **FRS 10 – Consolidated Financial Statements**  
FRS 10 replaces IC Interpretation 112 – Consolidation - Special Purpose Entities and the consolidation section in FRS 127 – Consolidated and Separate Financial Statements. It defines and sets out the principle of control to identify whether an investor controls an investee and establishes control as the basis for consolidation.
  - **FRS 11 – Joint Arrangements**  
FRS 11 supersedes FRS 131 – Interests in Joint Ventures. It classifies joint arrangements into two types - joint operations and joint ventures by focusing on the rights and obligations of the arrangements. The option to proportionately consolidate joint venture's results and financial position in the venturer's financial statements is no longer allowed.
  - **FRS 12 – Disclosure of Interests in Other Entities**  
FRS 12 provides disclosure requirements for all forms of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Disclosures include significant judgements and assumptions made in determining the nature of the entity's interest in another entity and the risks associated with those interests.
  - **FRS 13 – Fair Value Measurement**  
FRS 13 defines fair value, sets out the measurement framework and stipulates the disclosure requirements. It explains how to measure fair value and does not change the measurement objective as established in existing FRSs.
  - **FRS 101 – Presentation of Financial Statements**  
FRS 101 clarifies that an entity is required to present a third statement of financial position only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. Nevertheless, an entity may present comparative information in addition to the minimum comparative financial statements as long as that information is prepared in accordance with FRSs.
  - **FRS 119 – Employee Benefits**  
FRS 119 eliminates the limits of the "corridor approach" where only a portion of the actuarial gains and losses is recognised to profit or loss.
  - **FRS 127 – Separate Financial Statements**  
The revised FRS 127 only deals with the accounting and disclosure requirements for investments in subsidiaries, associates and joint ventures in the separate financial statements of the parent.
  - **FRS 128 – Investments in Associates and Joint Ventures**  
The revised FRS 128 prescribes the accounting for investment in associates as well as joint ventures where the equity method of accounting is required in accordance with FRS 11.

**SIME DARBY BERHAD**  
**(Company No: 752404-U)**

Explanatory Notes on the Quarterly Report – 31 March 2013  
Amounts in RM million unless otherwise stated

**A1. Basis of Preparation (continued)**

- b) Financial reporting standards under the existing FRS Framework that have yet to be adopted in preparing this interim financial report are given below. These adoptions will not result in any changes to the Group's accounting policies, results and financial position. (continued)
- (i) New, revision and amendments to standards that will be effective for annual periods beginning on or after 1 January 2013: (continued)
- **Amendments to FRS 7 – Financial Instruments: Disclosures**  
Amendments to FRS 7 sets out the additional disclosure requirements on the effects or potential effects including any rights of a netting arrangement of a financial asset and a financial liability.
  - **Amendments to FRS 116 – Property, Plant and Equipment**  
Amendments to FRS 116 clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.
  - **Amendments to FRS 132 – Financial Instruments: Presentation**  
Amendments to FRS 132 clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with FRS 112 Income Taxes.
  - **Amendments to FRS 134 – Interim Financial Reporting**  
Amendments to FRS 134 clarifies that an entity shall disclose the total assets and liabilities for a particular reportable segment only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.
- (ii) Amendments to standard that will be effective for annual periods beginning on or after 1 January 2014:
- **Amendments to FRS 10 – Consolidated Financial Statements**  
Amendments to FRS 10 introduces exception to the principle that all subsidiaries shall be consolidated. It defines an investment entity and requires a parent that is an investment entity to measure its investment in particular subsidiaries at fair value through profit or loss instead of consolidating those subsidiaries in its consolidated financial statements.
  - **Amendments to FRS 12 – Disclosure of Interests in Other Entities**  
Amendments to FRS 12 offers new disclosure requirement for a parent when it becomes or ceased to be an investment entity and also disclosure requirement for each unconsolidated subsidiary.
  - **Amendments to FRS 127 – Separate Financial Statements**  
Amendments to FRS 127 clarifies that if a parent is required, in accordance with paragraph 31 of FRS 10, to measure its investment in a subsidiary at fair value through profit or loss, it shall also account for its investment in subsidiary the same way in its separate financial statements.
  - **Amendments to FRS 132 – Financial Instruments: Presentation**  
Amendments to FRS 132 offers additional guidance on the criterion and right to offset a financial asset and a financial liability following amendments made to FRS 7 – Financial Instruments: Disclosures.

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**A1. Basis of Preparation (continued)**

b) Financial reporting standards under the existing FRS Framework that have yet to be adopted in preparing this interim financial report are given below. These adoptions will not result in any changes to the Group's accounting policies, results and financial position. (continued)

(iii) New, and amendments to standards that will be effective for annual periods beginning on or after 1 January 2015 :

- **FRS 9 – Financial Instruments**

FRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial instruments: amortised costs and fair value. All instruments are to be measured at fair value except for debt instruments that qualify for amortised cost accounting.

It allows an option to present fair value changes in equity instruments in profit or loss or other comprehensive income and it is an irrevocable election on initial recognition.

Reclassification of financial liability between fair value and amortised cost is prohibited while financial asset can only be reclassified when the entity changes its business model for managing the financial asset. Any difference between the carrying amount and fair value on reclassification is recognised in profit or loss.

- **Amendments to FRS 7 – Financial Instruments: Disclosures**

Amendments to FRS 7 prescribes the disclosure requirements on the classifications and measurements of financial assets and liabilities in accordance with the requirement of FRS 9 upon initial application.

**A2. Seasonal or Cyclical Factors**

The Group's operations are not materially affected by seasonal or cyclical factors except for the fresh fruit bunch production in the Plantation Division which may be affected by the vagaries of weather and cropping patterns.

**A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no material unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period under review.

**A4. Material Changes in Estimates**

There were no material changes in the estimates of amounts reported in the prior interim periods of the current financial year or the previous financial years that have a material effect on the results for the current quarter under review.

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**A5. Debt and Equity Securities**

On 16 November 2012, the Company redeemed its 3-year RM300.0 million Islamic Medium Term Notes (IMTN) issued on 16 November 2009, upon its maturity.

On 11 December 2012, the Company issued two IMTNs amounting to RM700.0 million under its IMTN Programme. The IMTNs are rated AAA<sub>ID</sub> by Malaysian Rating Corporation Berhad. The IMTNs issued are as follows:

<b>Tenure (years)</b>	<b>Profit rate (per annum)</b>	<b>Maturity Date</b>	<b>Nominal Value (RM million)</b>
10	3.98%	11 December 2022	300
15	4.35%	11 December 2027	400
			<hr/> <b>700</b> <hr/>

On 11 January 2013, the Group received the approval of the Securities Commission Malaysia for the establishment of a Multi-Currency Sukuk Programme (Sukuk Programme) with a programme limit of up to USD1,500,000,000 (or its equivalent in other currencies). The Sukuk Programme is an avenue for the Group to tap into the liquidity of the international debt capital markets and will provide the Group with the flexibility to raise funds via the issuance of sukuk in a multitude of tenors and currencies to best match the Group's requirements. The Sukuk Programme is established pursuant to a Regulation S format.

The Sukuk Programme has been accorded ratings of A by Fitch and S&P and A3 by Moody's.

On 29 January 2013, the Group issued sukuk in two tranches of USD400.0 million each as follows :

<b>Tenure (years)</b>	<b>Profit rate (per annum)</b>	<b>Maturity Date</b>	<b>Nominal Value (USD million)</b>
5	2.053%	29 January 2018	400
10	3.290%	29 January 2023	400
			<hr/> <b>800</b> <hr/>

The sukuk issued was listed on the Singapore Exchange Securities Trading Limited and on Bursa Malaysia Securities Berhad pursuant to Bursa Malaysia's exempt regime on 30 January 2013.

Other than the above, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.

**A6. Dividends Paid**

The final single tier dividend of 25.0 sen per share for the financial year ended 30 June 2012 amounting to RM1,502.4 million was paid on 14 December 2012.

An interim single tier dividend of 7.0 sen per share for the financial year ending 30 June 2013 amounting to RM420.7 million was paid on 10 May 2013.

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**A7. Segment Information**

The Group had six reportable segments but is now reduced to five following the proposed disposal of the Healthcare business (see Note B8). These strategic business units offer different products and services, and are managed separately. Each of the strategic business units are headed by an Executive Vice President and the President & Group Chief Executive reviews the internal management reports on a monthly basis and conducts performance dialogues with the business units on a regular basis.

	Continuing operations							Dis- continuing operations (Note 1)	Total	
	Plantation	Property	Industrial	Motors	Energy & Utilities	Others	Elimination/ Corporate expense	Total	Total	
<b>Three quarters ended 31 March 2013</b>										
<b>Segment revenue:</b>										
External	8,406.8	1,266.2	10,488.9	12,669.2	953.4	55.7	–	33,840.2	276.8	34,117.0
Inter-segment	0.4	25.4	35.1	29.3	1.5	8.2	(108.9)	(9.0)	9.0	–
	<b>8,407.2</b>	<b>1,291.6</b>	<b>10,524.0</b>	<b>12,698.5</b>	<b>954.9</b>	<b>63.9</b>	<b>(108.9)</b>	<b>33,831.2</b>	<b>285.8</b>	<b>34,117.0</b>
<b>Segment result:</b>										
Operating profit/(loss)	1,597.3	247.6	919.0	498.8	185.1	16.9	(56.1)	3,408.6	14.7	3,423.3
Share of results of jointly controlled entities and associates	9.8	22.4	11.5	8.7	4.6	11.9	–	68.9	–	68.9
Profit/(loss) before interest and tax	<b>1,607.1</b>	<b>270.0</b>	<b>930.5</b>	<b>507.5</b>	<b>189.7</b>	<b>28.8</b>	<b>(56.1)</b>	<b>3,477.5</b>	<b>14.7</b>	<b>3,492.2</b>

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**A7. Segment Information (continued)**

	Continuing operations							Total	Dis-continuing operations	Total
	Plantation	Property	Industrial	Motors	Energy & Utilities	Others	Elimination/ Corporate expense			
<b>Three quarters ended 31 March 2012</b>										
<b>Segment revenue:</b>										
External	9,463.5	1,398.5	9,561.4	11,721.3	956.6	122.2	–	33,223.5	972.0	34,195.5
Inter-segment	0.6	38.5	36.4	31.3	6.2	7.6	(128.3)	(7.7)	7.7	–
	<u>9,464.1</u>	<u>1,437.0</u>	<u>9,597.8</u>	<u>11,752.6</u>	<u>962.8</u>	<u>129.8</u>	<u>(128.3)</u>	<u>33,215.8</u>	<u>979.7</u>	<u>34,195.5</u>
<b>Segment result:</b>										
Operating profit/(loss)	2,414.9	278.9	965.8	455.7	275.2	15.8	(72.9)	4,333.4	(36.1)	4,297.3
Share of results of jointly controlled entities and associates	(19.0)	35.8	20.0	5.8	5.6	19.1	–	67.3	–	67.3
Profit/(loss) before interest and tax	<u>2,395.9</u>	<u>314.7</u>	<u>985.8</u>	<u>461.5</u>	<u>280.8</u>	<u>34.9</u>	<u>(72.9)</u>	<u>4,400.7</u>	<u>(36.1)</u>	<u>4,364.6</u>

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**A7. Segment Information (continued)**

	Plantation	Property (Note 2)	Industrial	Motors	Energy & Utilities (Note 3)	Health- care	Others (Note 1)	Corporate	Total
<b>As at 31 March 2013</b>									
<b>Segment assets:</b>									
Operating assets	15,136.2	6,429.7	12,112.3	6,403.5	2,892.5	–	153.6	1,312.9	44,440.7
Jointly controlled entities and associates	456.3	1,597.2	134.4	76.1	(136.7)	–	70.8	–	2,198.1
Non-current assets held for sale (Note 1)	–	128.2	–	–	–	–	767.0	–	895.2
	<b>15,592.5</b>	<b>8,155.1</b>	<b>12,246.7</b>	<b>6,479.6</b>	<b>2,755.8</b>	<b>–</b>	<b>991.4</b>	<b>1,312.9</b>	<b>47,534.0</b>
Tax assets									1,492.7
Total assets									<b>49,026.7</b>
<b>As at 30 June 2012</b>									
<b>Segment assets:</b>									
Operating assets	15,121.2	6,607.6	11,164.9	6,219.1	3,926.4	486.4	153.6	1,373.2	45,052.4
Jointly controlled entities and associates	462.0	1,189.8	113.4	64.8	(111.2)	–	57.7	–	1,776.5
Non-current assets held for sale	2.0	33.5	–	3.1	–	–	3.6	–	42.2
	<b>15,585.2</b>	<b>7,830.9</b>	<b>11,278.3</b>	<b>6,287.0</b>	<b>3,815.2</b>	<b>486.4</b>	<b>214.9</b>	<b>1,373.2</b>	<b>46,871.1</b>
Tax assets									1,280.1
Total assets									<b>48,151.2</b>

**Notes:**

1. The results and assets of the Healthcare business are included under discontinuing operations and non-current assets held for sale respectively following the proposed partial disposal of the Group's interest in Sime Darby Healthcare Sdn Bhd, see note B8. Accordingly, the segment results in the comparatives were also re-presented.
2. The increase in Property's jointly controlled entities and associates was mainly due to the investment in Battersea Project Holding Company Limited, see Note A11.4(a) for details.
3. The reduction in Energy & Utilities' operating assets was mainly due to the repayment of inter-company loan from the proceeds on the disposal of the fabrication yards.



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**A8. Capital Commitments**

Authorised capital expenditure not provided for in the interim financial report is as follows:

	<b>As at 31 March 2013</b>	<b>As at 30 June 2012</b>
Property, plant and equipment		
- contracted	<b>584.6</b>	1,193.4
- not contracted	<b>2,251.8</b>	2,521.8
	<b>2,836.4</b>	3,715.2
Other capital expenditure		
- contracted	<b>192.8</b>	58.8
- not contracted	<b>1,545.9</b>	2,193.1
	<b>4,575.1</b>	5,967.1

**A9. Significant Related Party Transactions**

Related party transactions conducted during the three quarters ended 31 March are as follows:

	<b>Three quarters ended 31 March</b>	
	<b>2013</b>	<b>2012</b>
<b>a. Transactions with jointly controlled entities</b>		
Tolling fees and sales to Emery Oleochemicals (M) Sdn Bhd and its related companies	<b>65.8</b>	15.4
Sales and services to Terberg Tractors Malaysia Sdn Bhd (TTMSB)	<b>32.6</b>	27.0
Purchase of terminal tractors from TTMSB	<b>2.1</b>	2.4
Sale of land to Sime Darby Brunfield Darby Hills Sdn Bhd	<b>–</b>	17.2
<b>b. Transactions with associates</b>		
Forwarding services by KN Sime Logistics Sdn Bhd	<b>–</b>	1.8
Provision of services by Sitech Construction Systems Pty Ltd	<b>6.2</b>	–
Rental of tugboat from Weifang Weigang Tugboat Services Co Ltd	<b>1.1</b>	0.4
Purchase of paint materials from Sime Kansai Paints Sdn Bhd	<b>1.2</b>	1.5
Sale of land to Tesco Stores (Malaysia) Sdn Bhd	<b>–</b>	35.7
<b>c. Transactions between subsidiaries and their significant owners of non-controlling interests</b>		
Turnkey works rendered by Brunfield Engineering Sdn Bhd to Sime Darby Brunfield Holding Sdn Bhd (SDBH) group, companies in which Dato' Ir Gan Thian Leong (Dato' Gan) and Encik Mohamad Hassan Zakaria (Encik Hassan) are substantial shareholders	<b>108.4</b>	57.9
Sales of properties by SDBH to Brunfield OASIS Square Sdn Bhd, companies in which Dato' Gan and Encik Hassan are substantial shareholders	<b>82.5</b>	–
Sales of goods and provision of services by Chubb Malaysia Sendirian Berhad to Gunnebo Holdings APS and its related companies	<b>2.0</b>	7.3
Purchase of used vehicles from Mr Tan Kok Peng, a close family member of a shareholder of Performance Premium Selection Limited	<b>1.4</b>	0.6

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**A9. Significant Related Party Transactions (continued)**

Related party transactions conducted during the three quarters ended 31 March are as follows: (continued)

	Three quarters ended 31 March	
	2013	2012
<b>c. Transactions between subsidiaries and their significant owners of non-controlling interests (continued)</b>		
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	34.8	37.1
Royalty payment to and procurement of cars, ancillary services by Inokom Corporation Sdn Bhd (ICSB) from Hyundai Motor Company and its related companies	121.5	79.7
Contract assembly service provided by ICSB to Berjaya Corporation Berhad group	10.1	10.6
Procurement of hotel operation management and technical advice from Hotel Equatorial Management Sdn Bhd	1.7	1.6
<b>d. Transactions with a firm in which a Director of the Company is a partner</b>		
Provision of legal services by Kadir, Andri & Partners, a firm in which Dato' Sreesanthan Eliathamby is a partner (Dato' Sreesanthan has since retired from the Board of Directors on 8 November 2012)	0.2	0.4
Provision of legal services by Azmi & Associates, a firm in which Dato' Azmi Mohd Ali is a partner	0.7	–
<b>e. Transactions with Directors and their close family members</b>		
Sales of properties and cars	2.1	6.7
<b>f. Transactions with key management personnel and their close family members</b>		
Sales of residential properties and cars	3.6	6.8
<b>g. Transactions with companies in which Yayasan Pelaburan Bumiputera (YPB) is the major shareholder</b>		

YPB, a company established by the Government of Malaysia and the holding company of Permodalan Nasional Berhad is regarded by the Board of Directors as the ultimate holding company of the Group.

Transactions entered into during the financial period under review, with companies in which YPB has significant interest, include the sales and purchases of goods and services.

These related party transactions were entered into in the ordinary course of business on normal trade terms and conditions and do not require the approval of shareholders except for the purchase of chemicals and fertilisers from Chemical Company of Malaysia Berhad and its subsidiaries amounting to RM80.5 million (2012: RM86.2 million) where shareholders' mandate was obtained during the last annual general meeting.

Notwithstanding the disclosure done, the Group continues to assess the application of FRS 124 "Related Party Disclosures" to ensure consistency in interpretation.

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**A10. Material Events Subsequent to the End of the Financial Period**

There was no material event subsequent to the end of the current quarter under review to 23 May 2013, being a date not earlier than 7 days from the date of issue of the quarterly report.

**A11. Effect of Significant Changes in the Composition of the Group**

1. Disposals

Disposals during the three quarters ended 31 March 2013 include the following:

- a) On 17 October 2012, Sime Darby Marine (Hong Kong) Pte Ltd completed the disposal of its entire 50% equity interest in Halani Sime Offshore (L) Ltd to Halani International Ltd for a total consideration of HKD17.4 million (equivalent to RM7.0 million).
- b) On 17 December 2012, Sime Darby Plantation Sdn Bhd completed the disposal of its entire 49% equity in Tenom Crumb Sdn Bhd to Sabah Rubber Industry Board for a total consideration of RM3.0 million.
- c) On 2 January 2013, Sime Darby Energy Sdn Bhd completed the disposal of its entire equity interest of 50% + 1 share in Sime-SIRIM Technologies Sdn Bhd to SIRIM Berhad for a total consideration of RM9.9 million.

Net cash outflow arising from the disposals is analysed as follows:

	<b>Three quarters ended 31 March 2013</b>
Net non-current assets	2.5
Net current assets	6.9
Non-controlling interest	(4.7)
Net assets disposed	4.7
Gain on disposal	5.2
Consideration from disposal	9.9
Less: Cash and cash equivalent in subsidiary disposed	(5.3)
Net cash outflow from disposal	4.6

2. Acquisition of subsidiaries, business and associate

Acquisitions during the three quarters ended 31 March 2013 include the following:

- a) On 3 July 2012, Sime Darby Motors Group (Australia) Pty Limited acquired 2 ordinary shares of AUD1.00 each in Sime Darby Motors Retail Australia Pty Limited (SDMRA), representing the entire issued and paid-up shares of SDMRA at par for cash. The principal activity of SDMRA is to operate motor dealerships in Australia. On 6 July 2012, SDMRA completed the acquisition of Porsche Centre Parramatta for a cash consideration of AUD4.3 million (equivalent to RM14.1 million).
- b) On 9 July 2012, Hastings Deering (Australia) Ltd acquired 31.67% of the issued share capital of Nova Power Pty Ltd (Nova Power) for a cash consideration of AUD1.9 million (equivalent to RM6.3 million). The principal activities of Nova Power are the development and operation of electricity network support power generation assets.

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**A11. Effect of Significant Changes in the Composition of the Group (continued)**

2. Acquisition of subsidiaries, business and associate (continued)

Acquisitions during the three quarters ended 31 March 2013 include the following: (continued)

- c) On 1 October 2012, Sime Darby Johor Development Sdn Bhd (SDJD) acquired 2 ordinary shares of RM1.00 each in Sime Darby Property Selatan Sdn Bhd (SDPS), representing the entire issued and paid-up shares of SDPS at par for cash. On 6 November 2012, SDJD, Tunas Selatan Pagoh Sdn Bhd (TSP) and SDPS entered into a Shareholders' Agreement to regulate the relationship between SDJD and TSP as shareholders of SDPS on a 60:40 basis for the development of the Pagoh Education Hub.

Further to the above, SDPS, via four wholly-owned subsidiaries, had on 7 November 2012, entered into four separate concession agreements (CAs) with Universiti Tun Hussein Onn Malaysia, International Islamic Universiti Malaysia, Universiti Teknologi Malaysia and the Government of Malaysia to undertake the planning, design, financing, construction, landscaping, equipping, installation, completion, testing and commissioning of facilities and infrastructures, and carry out the asset management services for the respective universities and Pagoh Polytechnic and the Shared Facilities, collectively known as the Pagoh Education Hub on a Private Finance Initiative basis under the concept of "Build-Lease-Maintain-Transfer". The concession period of the CAs is twenty three years, including the construction period of three years.

- d) On 29 November 2012, Sime Darby Overseas (Hong Kong) Limited entered into equity purchase agreements with Beijing Yintong Guoji Investment Advisory Co Limited for the acquisition of the remaining 51% equity interest in its jointly controlled entities, Weifang Weigang Dredging Project Co Ltd and Weifang Weigang Tugboat Services Co Ltd for a cash consideration of RMB36.7 million and RMB15.3 million respectively (equivalent to RM18.3 million and RM7.7 million respectively). Consequently, Weifang Binhai Haiwei Dredging Project Co Ltd also became a subsidiary of the Group.
- e) On 1 March 2013, Sime Darby Motors Sdn Bhd acquired 2 ordinary shares of RM1.00 each in Timeless Diamond Sdn Bhd (TDSB), representing the entire issued and paid-up shares of TDSB at par for cash. The principal activity of TDSB is to operate motor dealership in Malaysia. On 28 March 2013, TDSB changed its name to Sime Darby Auto Britannia Sdn Bhd.

Details of the assets and net cash outflow arising from the acquisitions of subsidiaries and business are as follows:

	<b>Book value</b>	<b>Fair value</b>
Property, plant and equipment	<b>75.0</b>	<b>75.0</b>
Net current liabilities	<b>(4.4)</b>	<b>(4.4)</b>
Non-controlling interest	<b>(11.5)</b>	<b>(11.5)</b>
Net assets acquired	<b>59.1</b>	<b>59.1</b>
Less: Fair value of previously held interest		<b>(25.4)</b>
Cash and cash equivalents of subsidiaries acquired		<b>(6.7)</b>
Add: Goodwill		<b>6.4</b>
Less: Unpaid consideration		<b>(26.1)</b>
Net cash outflow on acquisition of subsidiaries and business		<b>7.3</b>

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**A11. Effect of Significant Changes in the Composition of the Group (continued)**

3. Acquisitions of non-controlling interests

Acquisitions of non-controlling interests during the three quarters ended 31 March 2013 include the following:

- a) On 6 November 2012, Sime Darby Energy Sdn Bhd completed the acquisition of the remaining 30% equity interest in Chubb Malaysia Sendirian Berhad from Gunnebo Holdings APS for a cash consideration of RM8.8 million.
- b) On 3 December 2012, Sime Darby Allied Products Berhad completed the acquisition of the remaining 30% equity interest in Sime Rengo Packaging (M) Sdn Bhd (SRP) from Rengo Company Limited for a cash consideration of RM14.2 million. SRP has subsequently changed its name to Sime Darby Packaging Sdn Bhd on 11 January 2013.

4. Establishment of new companies

Companies established during the three quarters ended 31 March 2013 include the following:

- a) On 4 July 2012, Sime Darby Berhad, SP Setia Berhad and Kwasa Global (Jersey) Limited entered into a Subscription and Shareholders' Agreement to regulate their participation in Battersea Project Holding Company Limited (BPHC) a company established in Jersey in the agreed proportion of 40%, 40% and 20%, respectively. BPHC via its subsidiary, Battersea Project Land Company Limited, completed the acquisition of the Battersea Power Station site in London, United Kingdom on 4 September 2012.
- b) On 3 August 2012, Hangzhou Sime Darby Trading Company Limited (HZSDT) was established in the People's Republic of China with a registered share capital of RMB6 million wholly held by Shanghai Sime Darby Motor Commerce Company Limited.

The principal activities of HZSDT will be wholesale, retail, import and export of vehicles parts and accessories, lubricating oil, hardware tools, and electrical equipment parts, vehicles technology consultancy services, management and investment consultancy services.

- c) On 29 November 2012, Emery Specialty Chemicals Sdn Bhd (ESC) was incorporated in Malaysia. The issued and paid-up capital of ESC of RM2.00 divided into 2 ordinary shares of RM1.00 each is held by PTT Chemical International Pte Ltd and Sime Darby Plantation Sdn Bhd. The principal activity of ESC is to carry on oleochemicals specialty business activities.
- d) On 3 December 2012, Sime Darby Global Berhad (SDG) was incorporated in Malaysia with a paid-up share capital of 2 ordinary shares of RM1.00 each, held by Madam Tong Poh Keow (1 ordinary share) and Mr Phillip K.O Kunjappy (1 ordinary share). The entire issued and paid-up share capital of SDG was subsequently transferred to Sime Darby Holdings Berhad on 3 January 2013. The principal activities of SDG are the establishment of a multi-currency Islamic securities programme and to undertake all transactions in relation thereto.
- e) On 15 March 2013, Sime Darby Global Healthcare Sdn Bhd (SDGH) was incorporated in Malaysia. SDGH's entire issued and paid-up share capital of 2 ordinary shares of RM 1.00 each is currently held by Alan Hamzah Sendut (1 ordinary share) and Ajeet Singh Ahluwalia (1 ordinary share). The intended principal activity of SDGH is an investment holding company for the healthcare business. On 12 April 2013, SDGH changed its name to Ramsay Sime Darby Health Care Sdn Bhd.

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**A12. Contingent Liabilities – unsecured**

a) Guarantees

In the ordinary course of business, the Group may issue surety bonds and letters of credit, which the Group provides to customers to secure advance payment, performance under contracts or in lieu of retention being withheld on contracts. A liability from the performance guarantees would only arise in the event the Group fails to fulfil its contractual obligations.

The performance guarantees and financial guarantees are as follows:

	<b>As at 23 May 2013</b>	<b>As at 30 June 2012</b>
Performance guarantees and advance payment guarantees to customers of:		
- a jointly controlled entity	–	2,788.0
- the Group	<b>3,089.1</b>	3,837.5
Guarantees in respect of credit facilities granted to:		
- certain associates and a jointly controlled entity	<b>30.1</b>	37.5
- plasma stakeholders	<b>77.1</b>	107.2
	<b><u>3,196.3</u></b>	<b><u>6,770.2</u></b>

In cases where the Group is required to issue a surety bond or letter of credit for the entire contract despite holding partial interest in a venture, the Group will seek counter-indemnity from the other venture partners. As at 23 May 2013, the Group received counter-indemnities amounting to RM212.1 million (30 June 2012: RM1,603.7 million).

b) Claims

	<b>As at 23 May 2013</b>	<b>As at 30 June 2012</b>
Claims pending against the Group	<b><u>25.6</u></b>	<b><u>43.7</u></b>

The claims include disputed amounts for the supply of goods and services.

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**B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of Group Performance**

	Three quarters ended 31 March		% +/(-)
	2013	2012	
Revenue	<u>33,840.2</u>	<u>33,223.5</u>	1.9
Plantation	1,607.1	2,395.9	(32.9)
Property	270.0	314.7	(14.2)
Industrial	930.5	985.8	(5.6)
Motors	507.5	461.5	10.0
Energy & Utilities	189.7	280.8	(32.4)
Others	<u>28.8</u>	<u>34.9</u>	(17.5)
Segment results	<b>3,533.6</b>	4,473.6	(21.0)
Exchange gain/(loss):			
Unrealised	(4.8)	(17.4)	
Realised	2.0	(0.5)	
Corporate expense and elimination	<u>(53.3)</u>	<u>(55.0)</u>	
Profit before interest and tax	<b>3,477.5</b>	4,400.7	(21.0)
Finance income	87.6	123.2	
Finance costs	<u>(337.1)</u>	<u>(261.0)</u>	
Profit before tax	<b>3,228.0</b>	4,262.9	(24.3)
Tax expense	<u>(744.5)</u>	<u>(1,025.6)</u>	
Profit from continuing operations	<b>2,483.5</b>	3,237.3	(23.3)
Profit/(loss) from discontinuing operations	<u>7.1</u>	<u>(53.7)</u>	
Profit for the period	<b>2,490.6</b>	3,183.6	(21.8)
Non-controlling interests	<u>(100.6)</u>	<u>(132.5)</u>	
Profit after tax and non-controlling interests	<u><b>2,390.0</b></u>	<u>3,051.1</u>	(21.7)

Revenue of the Group for the three quarters ended 31 March 2013 was marginally higher by 1.9% compared to that of the similar period of the previous year. However, profit before tax of the Group declined by 24.3% largely on account of lower earnings from all business segments, except Motors. Net earnings for the period was down by 21.7% to RM2,390.0 million from RM3,051.1 million a year ago.

**a) Plantation**

Contribution from the Plantation division declined by 32.9% due primarily to lower average crude palm oil (CPO) price realised of RM2,338 per tonne against RM2,881 per tonne in the previous corresponding period. Fresh fruit bunch (FFB) production was higher by 8.6% with Malaysia and Indonesia registering 1.4% and 22.3% higher production respectively. The overall oil extraction rate (OER) was maintained at 21.8% while the sales volume of CPO improved by 2.0% as compared to the previous corresponding period.

Midstream and downstream operations reported a profit of RM44.2 million for the current period compared to a loss of RM65.4 million previously. The significant improvement was mainly due to better profit margin as a result of the lower feedstock cost, higher plant utilisation and higher share of profit from Emery Group, a jointly controlled entity.

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**B1. Review of Group Performance (continued)**

**b) Property**

Property's earnings declined by 14.2% compared to the same period of the previous year mainly due to the lower recognition from two mature townships in the Klang Valley which are at the tail-end of development and coupled with deferred launches in other townships. This is partially offset by the gain on disposal of a piece of land in Pagoh amounting to RM45.1 million.

**c) Industrial**

Industrial division reported lower profit of RM930.5 million, a 5.6% decrease from previous year due largely to lower equipment and product sales to the mining sector in Australasia. The operations in China continue to be affected by the slowdown in the construction sector and delayed commencement of infrastructure projects. Malaysia and Singapore recorded higher equipment sales to the construction and mining sectors but were affected by lower deliveries to the marine and oil and gas sectors resulting from continuing weak market conditions.

**d) Motors**

The Motors division continues to register commendable results with a 10% improvement over that of the previous year. All regions recorded higher performances except for Singapore which was affected by weaker market sentiments and changes in government legislation. Operations in Malaysia registered higher profit driven mainly by the strong sales in all of the marques.

The operations in Hong Kong and Macau improved largely on the back of stronger performance by BMW whilst China continued to be affected by the overall slowdown of the Chinese economy affecting consumer spending.

**e) Energy & Utilities**

Profit from Energy & Utilities declined by RM91.1 million (32.4%) to RM189.7 million compared to the previous corresponding period due to recognition of the deferred revenue of RM99.4 million from its power plant in Malaysia in the previous year.

The port operations in China registered lower profit of RM27.0 million compared to RM34.1 million previously due to lower throughput at Weifang and Jining North Ports and higher overheads. Throughput at both ports declined by 4.4% mainly due to interruption to the port operations as a result of harsh weather conditions and the slowdown in China's economy which resulted in lower demand for coal and other commodities.

**f) Others**

The lower profit from Other businesses was mainly due to the lower share of profit from Tesco Stores (Malaysia) Sdn Bhd as compared to the previous corresponding period whilst the contribution from insurance brokerage business was maintained.

**g) Discontinuing operations**

The discontinuing operations is in respect of the Healthcare business, as the Group has on 26 March 2013 announced the proposed establishment of a joint-venture with a wholly owned subsidiary of Ramsay Health Care Ltd. Contribution from Healthcare declined to RM7.1 million from RM12.5 million previously mainly due to the higher overheads from the newly opened Ara Damansara Hospital and Desa ParkCity Hospital.

The results for the previous year include a loss of RM66.2 million registered by the Oil & Gas business which has since been discontinued following the completion of the disposal of the fabrication yards.



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**B2. Material Changes in Profit for the Current Quarter as Compared to the Results of the Preceding Quarter**

	Quarter ended		%
	31 March 2013	31 December 2012	
Revenue	<u>10,844.2</u>	<u>11,254.1</u>	(3.6)
Plantation	413.2	522.0	(20.8)
Property	139.3	61.2	127.6
Industrial	263.1	285.0	(7.7)
Motors	181.6	164.6	10.3
Energy & Utilities	59.4	72.1	(17.6)
Others	<u>12.3</u>	<u>5.4</u>	127.8
Segment results	<u>1,068.9</u>	<u>1,110.3</u>	(3.7)
Exchange gain/(loss):			
Unrealised	(4.8)	(1.3)	
Realised	(0.6)	1.4	
Corporate expense and elimination	<u>(23.0)</u>	<u>(24.0)</u>	
Profit before interest and tax	<u>1,040.5</u>	<u>1,086.4</u>	(4.2)
Finance income	19.0	31.9	
Finance costs	<u>(124.8)</u>	<u>(108.1)</u>	
Profit before tax	<u>934.7</u>	<u>1,010.2</u>	(7.5)
Tax expense	<u>(220.2)</u>	<u>(274.7)</u>	
Profit from continuing operations	<u>714.5</u>	<u>735.5</u>	(2.9)
Profit from discontinuing operations	<u>1.1</u>	<u>1.0</u>	
Profit for the period	<u>715.6</u>	<u>736.5</u>	(2.8)
Non-controlling interests	<u>(24.4)</u>	<u>(28.0)</u>	
Profit after tax and non-controlling interests	<u><u>691.2</u></u>	<u><u>708.5</u></u>	(2.4)

For the third quarter ended 31 March 2013, the Group's pre-tax profit of RM934.7 million was 7.5% lower than that of the preceding quarter of RM1,010.2 million. Net earnings of the Group declined by 2.4% to RM691.2 million. Property, Motors and Others recorded improved earnings while Plantation, Industrial and Energy & Utilities recorded lower earnings.

**a) Plantation**

Profit from Plantation was lower by 20.8% to RM413.2 million due to lower average CPO price realised for the quarter of RM2,147 per tonne against RM2,207 per tonne in the preceding quarter coupled with the lower CPO sales volume and seasonal decline in FFB production. FFB production for the quarter declined by 24.1% compared to the preceding quarter.

Midstream and downstream operations recorded a higher profit of RM39.7 million compared to RM29.4 million in the preceding quarter due to the lower losses from overseas operations in the current quarter.

**b) Property**

Contribution from Property for the current quarter jumped 127.6% compared to the preceding quarter due to the gain on disposal of land in Pagoh amounting to RM45.1 million. The division also recorded higher profit recognition from property development in Bandar Bukit Raja and Denai Alam.

**c) Industrial**

Profit from Industrial division was lower by 7.7% compared to the preceding quarter primarily due to lower equipment and product support sales to the mining sector in the Australasia region following the drop in coal prices and delayed deliveries caused by the major flood in Australia early this year. The lower profit was also attributable to lower deliveries to the oil and gas, marine, electrical power generation and agricultural sector in Malaysia and Singapore resulting from weaker market conditions.

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**B2. Material Changes in Profit for the Current Quarter as Compared to the Results of the Preceding Quarter (continued)**

**d) Motors**

Contribution from Motors division improved by 10.3% to RM181.6 million mainly attributable to improved performance by BMW in Hong Kong.

**e) Energy & Utilities**

The results of Energy & Utilities declined by 17.6% largely due to the gain on disposal of a jointly controlled entity of RM7.0 million and writeback of provision recognised in the previous quarter. The port operations in China achieved higher contribution during the current quarter as a result of higher average tariff rate realised.

**f) Others**

Contribution from Other businesses jumped 127.8% to RM12.3 million in the quarter under review due to the higher share of profit from Tesco Stores (Malaysia) Sdn Bhd.

**B3. Prospects**

The global economy is expected to improve although the risks for sustainable growth remain. Major economies are showing more positive indicators but concerns over the Eurozone debt crisis and a down turn in business activity continue to drag on. The markets in which the Group operates are expected to be challenging due to fiscal tightening, volatile commodity prices and weak edible oil prices. However, the Group's core businesses are expected to remain resilient due to their inherent fundamentals and the favourable economic climate in the Asia Pacific region.

Crude palm oil prices continue to remain sluggish due to high inventory levels and weak demand from major importing countries. However, the Plantation division has made good improvements in operational efficiencies achieving a higher fresh fruit bunch yield and oil extraction rate in the last nine months.

The drop in mineral prices and the slowdown in the construction sector in China have resulted in ongoing consolidation in the Australasia mining sector. Although this has weighed down the performance of the Industrial division, the ongoing consolidation presents a good opportunity for the division's future growth prospects.

The Motors division delivered commendable results, exceeding expectations amidst intense market competition, especially in China. Building on this momentum, the division is expanding its operations with new showrooms and an increase in the number of marques.

Despite the banks tightening their credit policies, the Property division has reported strong sales for its landed residential properties in the mid price housing segment. Overall demand continues to remain robust for landed properties.

The ports operations in China have expanded the range of cargo mix. The increased throughput coupled with the higher tariff rates will drive the Energy & Utilities division's performance.

In the Healthcare division, the Subang Jaya Hospital reported better results and the two new hospitals in Ara Damansara and Desa ParkCity have become fully operational. The proposed joint-venture with the Ramsay Group, an internationally renowned medical group also augurs well for the future expansion and growth of the Healthcare business.

Despite the challenging economic conditions this year and barring any unforeseen circumstances, the Board expects the Group's performance for the current financial year ending 30 June 2013 to be satisfactory.

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**B4. Statement by Board of Directors on Internal Targets**

The Group's key performance indicators (KPI) for the financial year ending 30 June 2013 as approved by the Board of Directors on 26 November 2012 and the achievement for the three quarters ended 31 March 2013 are as follows:

	<b>Actual</b> <b>Three quarters ended</b> <b>31 March 2013</b>	<b>Target</b> <b>Year ending</b> <b>30 June 2013</b>
Profit attributable to owners of the Company (RM million)	<u>2,390.0</u>	<u>3,200</u>
Return on average shareholders' equity (%)	<u>9.2</u>	<u>12.0</u>

For the three quarters ended 31 March 2013, the profit attributable to ordinary equity holders and the return on average shareholders' equity achieved by the Group are approximately 74.7% and 76.7% respectively of its targets.

**B5. Variance of Actual Profit from Profit Forecast or Profit Guarantee**

Not applicable as there was no profit forecast or profit guarantee issued.

**B6. Operating Profit and Finance Costs**

	<b>Quarter ended</b> <b>31 March</b>		<b>Three quarters ended</b> <b>31 March</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Included in operating profit are:				
Depreciation and amortisation	<b>(296.0)</b>	(300.0)	<b>(919.1)</b>	(854.2)
Amortisation of prepaid lease rentals	<b>(12.1)</b>	(11.9)	<b>(37.0)</b>	(35.6)
(Impairment)/reversal of impairment of				
- property, plant and equipment	<b>(0.7)</b>	1.2	<b>(8.5)</b>	0.7
- investment properties	–	0.1	–	3.2
- receivables	<b>2.3</b>	–	<b>(8.8)</b>	39.9
Write down of inventories (net)	<b>(30.4)</b>	(1.6)	<b>(40.5)</b>	(3.9)
Gain/(loss) on disposal of				
- subsidiaries	<b>5.2</b>	(2.8)	<b>5.2</b>	(2.8)
- a jointly controlled entity	–	–	<b>7.0</b>	–
- an associate	–	*	<b>0.9</b>	*
- property, plant and equipment				
- land and buildings	<b>13.6</b>	7.5	<b>62.4</b>	53.0
- others	<b>0.5</b>	(0.7)	<b>0.9</b>	9.2
- investment properties	<b>0.2</b>	(13.9)	<b>0.9</b>	(5.4)
- quoted available-for-sale investment	–	–	–	32.8
- unit trusts	–	–	<b>0.2</b>	–
Net foreign exchange gain/(loss)	<b>11.7</b>	(28.4)	<b>7.4</b>	18.9
(Loss)/gain on cross currency swap contract	<b>(6.1)</b>	4.9	<b>(39.0)</b>	(27.4)
(Loss)/gain on forward foreign exchange contracts	<b>(6.4)</b>	(19.3)	<b>4.8</b>	(52.6)
Included in finance costs is:				
Gain/(loss) on interest rate swap contracts	<u>–</u>	<u>5.6</u>	<u>(7.6)</u>	<u>25.1</u>

\* Less than RM0.1 million

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**B7. Tax Expense**

	Quarter ended 31 March		Three quarters ended 31 March	
	2013	2012	2013	2012
<b>Continuing operations</b>				
In respect of the current period:				
- current tax	<b>233.1</b>	354.6	<b>839.3</b>	1,185.8
- deferred tax	<b>23.4</b>	(78.5)	<b>21.7</b>	(129.5)
	<b>256.5</b>	276.1	<b>861.0</b>	1,056.3
In respect of prior years:				
- current tax	<b>(38.8)</b>	(18.7)	<b>(105.0)</b>	(57.1)
- deferred tax	<b>2.5</b>	1.3	<b>(11.5)</b>	26.4
	<b>220.2</b>	258.7	<b>744.5</b>	1,025.6
<b>Discontinuing operations</b>	<b>3.6</b>	5.5	<b>6.7</b>	16.6
	<b>223.8</b>	264.2	<b>751.2</b>	1,042.2

The effective tax rate for the current quarter and three quarters ended 31 March 2013 of 23.6% and 23.1% respectively are lower than the Malaysian income tax rate of 25% due mainly to the overprovision in prior years.

**B8. Status of Corporate Proposal**

The corporate proposal announced but not completed as at 23 May 2013 is as follows:

On 26 March 2013, Sime Darby Holdings Berhad (SD Holdings) and AH Holdings Health Care Pty Ltd (AHC), a wholly owned subsidiary of Ramsay Health Care Ltd, entered into various agreements for the establishment of a joint venture and the merging of SD Holdings' healthcare and education business with AHC's Indonesian healthcare business into Sime Darby Global Healthcare Sdn Bhd (SDGH). As the transaction intends to achieve an equal shareholding by both parties in SDGH, it entails the payment by AHC to SD Holdings of a total cash consideration of RM390 million to be made over a predetermined period. SDGH has been renamed as Ramsay Sime Darby Health Care Sdn Bhd on 12 April 2013.

The proposed joint venture is expected to be completed by 30 June 2013.

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**B9. Group Borrowings**

<u>Long-term borrowings</u>	As at 31 March 2013		Total
	Secured	Unsecured	
Term loans	196.8	2,812.5	3,009.3
Islamic Medium Term Notes	–	2,400.0	2,400.0
Sukuk	–	2,459.0	2,459.0
	<u>196.8</u>	<u>7,671.5</u>	<u>7,868.3</u>
<u>Short-term borrowings</u>			
Bank overdrafts	–	67.7	67.7
Portion of term loans due within one year	–	26.9	26.9
Revolving credits, trade facilities and other short-term borrowings	272.2	3,013.5	3,285.7
	<u>272.2</u>	<u>3,108.1</u>	<u>3,380.3</u>
Total borrowings	<u>469.0</u>	<u>10,779.6</u>	<u>11,248.6</u>

The Group borrowings in RM equivalent analysed by currencies in which the borrowings are denominated are as follows:

	Long-term Borrowings	Short-term Borrowings	Total
Ringgit Malaysia	4,145.7	1,329.2	5,474.9
Australian dollar	–	731.9	731.9
Chinese renminbi	19.9	440.6	460.5
New Zealand dollar	–	139.4	139.4
Pacific franc	7.9	0.5	8.4
Singapore dollar	–	12.6	12.6
Thailand baht	–	27.9	27.9
United States dollar	3,694.8	698.2	4,393.0
Total borrowings	<u>7,868.3</u>	<u>3,380.3</u>	<u>11,248.6</u>

Certain borrowings are secured by fixed and floating charges over property, plant and equipment, investment property and other assets of certain subsidiaries.

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**B10. Financial Instruments and Realised and Unrealised Profits or Losses**

a) Derivatives

The Group uses forward foreign exchange contracts, interest rate swap contracts, currency swap contracts and commodity futures contracts to manage its exposure to various financial risks. The fair values of these derivatives as at 31 March 2013 are as follows:

	Classification in Statement of Financial Position				Net Fair Value
	Assets		Liabilities		
	Non-current	Current	Non-current	Current	
Forward foreign exchange contracts	2.0	33.4	(1.7)	(29.8)	3.9
Interest rate swap contracts	1.2	-	-	-	1.2
Cross currency swap contract	-	-	(34.1)	(42.3)	(76.4)
Commodity futures contracts	-	4.9	-	(2.0)	2.9
	<b>3.2</b>	<b>38.3</b>	<b>(35.8)</b>	<b>(74.1)</b>	<b>(68.4)</b>

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the financial year ended 30 June 2012.

The description, notional amount and maturity profile of each derivative are shown below:

Forward foreign exchange contracts

Forward foreign exchange contracts were entered into by subsidiaries in currencies other than their functional currency in order to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

The forward foreign currency contracts are stated at fair value, using the prevailing market rates. All changes in fair value of the forward foreign currency contracts are recognised in the other comprehensive income statement unless it does not meet the conditions for the application of hedge accounting, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

As at 31 March 2013, the notional amount, fair value and maturity period of the forward foreign exchange contracts are as follows:

	Notional Amount	Fair Value Assets
- less than 1 year	7,988.5	3.6
- 1 year to 2 years	420.5	0.3
	<b>8,409.0</b>	<b>3.9</b>

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**B10. Financial Instruments and Realised and Unrealised Profits or Losses (continued)**

a) Derivatives (continued)

Interest rate swap contracts

The Group has entered into interest rate swap contracts to convert floating rate liabilities to fixed rate liabilities to reduce the Group's exposure from adverse fluctuations in interest rates on underlying debt instruments. The differences between the rates calculated by reference to the agreed notional principal amounts were exchanged at periodic intervals. All changes in fair value during the period are recognised in the other comprehensive income statement unless it does not meet the conditions for the application of hedge accounting, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

The outstanding interest rate swap contracts as at 31 March 2013 are as follows:

<b>Interest Rate Swap</b>	<b>Notional Amount</b>	<b>Expiry Date</b>	<b>Weighted Average Swap Rate</b>
Plain Vanilla	USD 200.0 million	12 December 2018	1.880% to 1.885%

As at 31 March 2013, the notional amount, fair value and maturity period of the interest rate swap contracts are as follows:

	<b>Notional Amount</b>	<b>Fair Value Assets</b>
- 1 year to 3 years	206.2	–
- 3 years to 7 years	411.7	1.2
	<u>617.9</u>	<u>1.2</u>

Cross currency swap contract

The Group has entered into a cross currency swap contract to exchange the principal payments of a foreign currency denominated loan into another currency to reduce the Group's exposure from adverse fluctuations in foreign currency. All changes in fair value during the period are recognised in the other comprehensive income statement unless it does not meet the conditions for the application of hedge accounting, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

As at 31 March 2013, the notional amount, fair value and maturity period of the cross currency swap contract are as follows:

	<b>Notional Amount</b>	<b>Fair Value Assets/ (Liabilities)</b>
- less than 1 year	–	(42.3)
- 1 year to 3 years	412.4	(61.4)
- 3 years to 7 years	823.3	27.3
	<u>1,235.7</u>	<u>(76.4)</u>

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**B10. Financial Instruments and Realised and Unrealised Profits or Losses (continued)**

a) Derivatives (continued)

Commodity futures contracts

Commodity futures contracts were entered into by subsidiaries to manage exposure to adverse movements in vegetable oil prices. These contracts were entered into and continue to be held for the purpose of receipt or delivery of the physical commodity in accordance with the Group's expected purchase, sale and usage requirements, except for those contracts shown below.

The outstanding commodity futures contracts as at 31 March 2013 that are not held for the purpose of physical delivery are as follows:

	Quantity (metric tonne)	Notional Amount	Fair Value Assets/ (Liabilities)
Purchase contracts	26,566	67.2	(2.0)
Sales contracts	32,149	85.1	4.9
			<u>2.9</u>

All contracts mature within one year.

b) Fair Value Changes of Financial Liabilities

Other than derivatives which are classified as liabilities only when they are at fair value loss position as at the end of the reporting period, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

c) Realised and Unrealised Profits or Losses

The breakdown of realised and unrealised retained profits of the Group is as follows:

	As at 31 March 2013	As at 30 June 2012
Total retained profits of the Company and its subsidiaries		
- realised	20,863.3	20,899.6
- unrealised	5,853.0	5,656.7
	<u>26,716.3</u>	<u>26,556.3</u>
Total share of retained profits from jointly controlled entities		
- realised	37.9	38.6
- unrealised	(14.5)	(21.2)
	<u>23.4</u>	<u>17.4</u>
Total share of retained profits from associates		
- realised	309.1	261.3
- unrealised	(11.2)	(17.5)
	<u>297.9</u>	<u>243.8</u>
Less: consolidation adjustments	(11,571.6)	(11,762.1)
Total retained profits of the Group	<u>15,466.0</u>	<u>15,055.4</u>

The unrealised profits are determined in accordance with the Guidance on Special Matter No. 1 (GSM1) issued by the Malaysian Institute of Accountants.



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**B11. Material Litigation**

Changes in material litigations since the date of the last annual statement of financial position up to 23 May 2013 are as follows:

1. PT Adhiyasa Saranamas (PTAS) commenced a legal suit on 17 September 2003 against Kumpulan Guthrie Berhad (KGB) and 6 of its Indonesian subsidiaries for an alleged breach of contract with regards to the provision of consultancy services in connection with the acquisition of subsidiaries in Indonesia. In 2008, the Supreme Court partially approved PTAS's claim and ordered KGB to pay the amount of USD25.76 million together with interest at the rate of 6% per year thereon (Indonesian Judgment). The parties have amicably settled the Indonesian Judgment and all legal actions instituted by PTAS in Indonesia during the previous financial year.

In Malaysia, PTAS had on 11 March 2008 commenced legal proceedings against KGB to enforce the Indonesian Judgment. In light of the settlement of legal actions in Indonesia, KGB applied to amend its Amended Defence, which application was allowed by the High Court on 27 March 2012.

The trial was concluded on 10 May 2012 and on 14 June 2012, the High Court dismissed PTAS's claim with costs (High Court Decision).

PTAS had on 15 June 2012 filed its notice of appeal to the Court of Appeal against the High Court Decision and KGB has been served with PTAS's Record of Appeal on 28 September 2012. No date has been fixed for the appeal.

2. On 23 December 2010, Sime Darby Berhad (SDB), Sime Darby Engineering Sdn Bhd, Sime Darby Energy Sdn Bhd, Sime Darby Marine Sdn Bhd and Sime Darby Marine (Hong Kong) Pte Ltd (collectively, the Plaintiffs) filed a civil suit in the High Court of Malaya at Kuala Lumpur (Civil Suit No. D – 22NCC – 2379 – 2010) against Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Hj Murshid (DSAZ), Dato' Mohamad Shukri bin Baharom (DMS), Abdul Rahim bin Ismail, Abdul Kadir Alias and Mohd Zaki bin Othman (collectively, the Defendants) claiming, inter alia, damages arising from the Defendants' negligence and breaches of duty in relation to the Qatar Petroleum Project (QP Project), the Maersk Oil Qatar Project (MOQ Project) and the project relating to the construction of marine vessels known as the Marine Project.

The Writ of Summons and Statement of Claim have been served on the Defendants. All the Defendants have filed their respective Defences.

DSAZ, the 1st Defendant, filed third party notices dated 8 March 2011 against 22 individuals (DSAZ's Third Party Notices) of whom include several current members of the board of SDB. Pursuant to DSAZ's Third Party Notices, DSAZ is seeking an indemnity and/or contribution from the 22 individuals in the event DSAZ is found liable to the Plaintiffs.

DMS, the 2nd Defendant, also filed similar third party notices dated 20 April 2011 against 12 individuals and Sime Darby Holdings Berhad (DMS's Third Party Notices), of whom comprise former management and former members of the board of SDB, its subsidiaries and Kumpulan Sime Darby Berhad and former members of the audit and supervisory committee of SDB's Energy & Utilities Division. Pursuant to DMS's Third Party Notices, DMS is seeking an indemnity and/or contribution from the third parties in the event DMS is found liable to the Plaintiffs.

Solicitors have been engaged to defend all the third parties in DSAZ's and DMS's third party proceedings.

DSAZ had on 2 June 2011 and 8 June 2011 discontinued the third party proceedings against 5 individuals out of the 22 who were originally named.

The remaining third parties have applied to strike out third party proceedings instituted against them by DSAZ and DMS. The High Court had, on 13 December 2011, allowed the applications by the third parties and struck out DSAZ's and DMS's third party statements of claim, set aside the third party notices and dismissed the third party proceedings on the basis, amongst others, that DSAZ's and DMS's third party proceedings were frivolous and vexatious (High Court Decision).

On 11 January 2012, DSAZ and DMS filed their respective appeals against the High Court Decision (Appeals).

**SIME DARBY BERHAD**  
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**B11. Material Litigation (continued)**

Changes in material litigations since the date of the last annual statement of financial position up to 23 May 2013 are as follows: (continued)

On 1 August 2012, the Court of Appeal, after hearing submissions from DSAZ's and DMS's solicitors, dismissed the Appeals with costs (Court of Appeal Decision). On 3 September 2012, DSAZ filed a notice of motion for leave to appeal to the Federal Court against the Court of Appeal Decision (Leave to Appeal). DSAZ's Leave of Appeal is now fixed for hearing on 18 September 2013.

At the case management of the main suit on 20 March 2012, the Court fixed another date for case management, on 29 June 2012 when the entire inspection process was anticipated to be completed.

On 29 June 2012, the Court fixed DSAZ's application for discovery of documents (DSAZ's Discovery Application) for hearing on 21 September 2012. The hearing of DSAZ's Discovery Application was adjourned to 22 January 2013.

On 8 January 2013, DSAZ filed application for a stay of the trial of the civil suit (Stay Application). The Stay Application was filed on the basis that DSAZ's Leave to Appeal has yet to be heard. On 22 January 2013, the Court allowed DSAZ's Stay Application and ordered that the trial of the civil suit be stayed pending the disposal of DSAZ's Leave to Appeal (Stay Order). In view of the Stay Order, DSAZ's Discovery Application will not be heard until DSAZ's Leave to Appeal is finally disposed of. On 2 May 2013, the Court has fixed 25 September 2013 for mention pending the disposal of DSAZ's Leave of Appeal. There is no trial date fixed for the main suit.

3. On 24 December 2010, Sime Darby Berhad (SDB), Sime Engineering Sdn Bhd (SESB), Sime Darby Holdings Berhad (SDHB) and Sime Darby Energy Sdn Bhd (collectively, the Plaintiffs) filed a civil suit in the High Court of Malaya at Kuala Lumpur (Civil Suit No. D – 22NCC – 2391 – 2010) against Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Hj Murshid (DSAZ), Dato' Mohamad Shukri bin Baharom (DMS) and Abdul Rahim bin Ismail (collectively, the Defendants) claiming, inter alia, damages arising from the Defendants' negligence and breaches of duty in relation to the Package CW2-Main Civil Works for the Bakun Hydroelectric Project (Bakun Project) and in respect of the Receipt, Discharge and Indemnity Agreement dated 12 January 2010 (Indemnity Agreement) given to DMS.

The Writ of Summons and Statement of Claim have been served on the Defendants. All the Defendants have filed their respective Defences.

DSAZ, the 1st Defendant filed third party notices dated 8 March 2011 against 22 individuals (DSAZ's Third Party Notices) of whom include several current members of the board of SDB. Pursuant to DSAZ's Third Party Notices, DSAZ is seeking an indemnity and/or contribution from the 22 individuals in the event DSAZ is found liable to the Plaintiffs.

DMS, the 2nd Defendant, also filed similar third party notices dated 20 April 2011 against 11 individuals, SESB and SDHB (DMS's Third Party Notices), of whom comprise former members of the board of SDB, its subsidiaries and Kumpulan Sime Darby Berhad and former members of the audit and supervisory committee of SDB's Energy & Utilities Division. Pursuant to DMS's Third Party Notices, DMS is seeking an indemnity and/or contribution from the third parties in the event DMS is found liable to the Plaintiffs.

Solicitors have been engaged to defend all the third parties in DSAZ's and DMS's third party proceedings.

DSAZ had on 2 June 2011 and 8 June 2011 discontinued the third party proceedings against 5 individuals out of the 22 who were originally named.

The remaining third parties have applied to strike out third party proceedings instituted against them by DSAZ and DMS. The High Court had, on 13 December 2011, allowed the applications by all the third parties and struck out DSAZ's and DMS's third party statements of claim, set aside the third party notices and dismissed the third party proceedings on the basis, amongst others, that DSAZ's and DMS's third party proceedings were frivolous and vexatious (High Court Decision).

On 11 January 2012, DSAZ and DMS filed their respective appeals against the High Court Decision (Appeals). The Appeals were heard in the Court of Appeal on 1 August 2012.

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**B11. Material Litigation (continued)**

Changes in material litigations since the date of the last annual statement of financial position up to 23 May 2013 are as follows: (continued)

On 1 August 2012 before the start of the proceedings, DMS withdrew his appeal against SESB and SDHB with no order as to costs. With regard to the other appeals, the Court of Appeal, after hearing submissions from DSAZ's and DMS's solicitors, dismissed the Appeals with costs (Court of Appeal Decision). On 3 September 2012, DSAZ filed a notice of motion for leave to appeal to the Federal Court against the Court of Appeal Decision (Leave to Appeal). DSAZ's Leave to Appeal is now fixed for hearing on 18 September 2013.

At the case management of the main suit on 20 March 2012, the Court fixed another date for case management on 29 June 2012 when the entire inspection process was anticipated to be completed.

On 29 June 2012, the Court fixed DSAZ's application for discovery of documents (DSAZ's Discovery Application) for hearing on 21 September 2012. The hearing of DSAZ's Discovery Application was adjourned to 22 January 2013.

On 8 January 2013, DSAZ filed application for a stay of the trial of the civil suit (Stay Application). The Stay Application was filed on the basis that DSAZ's Leave to Appeal has yet to be heard. On 22 January 2013, the Court allowed DSAZ's Stay Application and ordered that the trial of the civil suit be stayed pending the disposal of DSAZ's Leave to Appeal (Stay Order). In view of the Stay Order, DSAZ's Discovery Application will not be heard until DSAZ's Leave to Appeal is finally disposed of. On 2 May 2013, the Court has fixed 25 September 2013 for mention pending the disposal of DSAZ's Leave of Appeal. There is no trial date fixed for the main suit.

4. Emirates International Energy Services (EMAS) had, on 13 January 2011, filed a suit in the Plenary Commercial Court in Abu Dhabi against Sime Darby Engineering Sdn Bhd (SDE) claiming payment of USD178.2 million (equivalent to about RM552.5 million) (First Suit). This amount comprises a payment of USD128.2 million and USD50.0 million for commissions and "morale compensation" respectively. At the case management on 14 August 2011, SDE (through its local counsel) filed its Statement of Defence and Counter Claim against EMAS for the sum of AED100 million (equivalent to about RM84.4 million).

On 22 August 2011, the Court dismissed EMAS's claim based on SDE's request for the matter to be referred to arbitration. SDE's solicitors have not received any notification of an appeal by EMAS and accordingly the First Suit was then considered closed.

EMAS had, on 11 December 2011, submitted a request for arbitration to the Abu Dhabi Commercial Conciliation & Arbitration Centre (ADCCAC). By way of a notice dated 26 December 2011 (Notice) which SDE received on 17 January 2012, SDE was informed that the matter has been registered for arbitration. SDE's local counsel had on 14 February 2012 filed and submitted the response to the Notice to ADCCAC and is currently pending EMAS's response.

The quantum of the claim was not stated in the Notice.

On 31 March 2012, EMAS filed another suit against SDE at the Judicial Department of Abu Dhabi. The claim of USD178.2 million by EMAS is based on the same facts and grounds as the First Suit. SDE has been advised by its local counsel that the commencement of another legal suit by EMAS at the Abu Dhabi Court is an abuse of the court process. At the case management on 19 April 2012, SDE's local counsel argued for the suit to be dismissed.

At the hearing on 30 May 2012, the Court dismissed the case on procedural grounds, namely that EMAS did not comply with the procedures for Commercial Agency disputes as set forth in Articles 27 and 28 of the United Arab Emirates Commercial Agencies Law when it failed to raise a formal claim or mediation request with the Committee of Commercial Agencies at the Ministry of Economy in the first instance.

SDE's local counsel advised that the dismissal is not a dismissal on the merits and EMAS may resubmit the case once they have gone through the Commercial Agencies Committee procedures. SDE's local counsel further advised that SDE can do nothing until EMAS file a mediation request with the Commercial Agencies Committee.

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**B11. Material Litigation (continued)**

Changes in material litigations since the date of the last annual statement of financial position up to 23 May 2013 are as follows: (continued)

On 21 June 2012, EMAS filed an appeal to the Court of Appeal in Abu Dhabi (Appellate Court) against the decision of the Court dated 30 May 2012 (Appeal).

At the hearing before the Appellate Court on 13 August 2012, SDE submitted its rebuttal to EMAS's grounds of appeal. On 28 August 2012, the Appellate Court dismissed the Appeal and ordered for the case to be tried afresh by the court of first instance on the ground that the court of first instance has the jurisdiction to hear the dispute between EMAS and SDE. SDE's local counsel filed an appeal on 15 October 2012 against the Appellate Court's decision given on 28 August 2012 but no hearing date has been fixed by the Supreme Court. It is expected that the challenge before the Supreme Court and the prosecution of the claim by EMAS before the new trial judge will proceed in parallel. EMAS has yet to re-file the action in the court of first instance.

5. On 18 November 2011, Michael Chow Keat Thye (Applicant) filed an application pursuant to Order 53 rule 3(2) of the Rules of the High Court for judicial review against the Securities Commission of Malaysia (SC) to quash the decision made by SC on 11 October 2011 in ruling that the acquisition of the equity interest in Eastern & Oriental Berhad (E&O) by Sime Darby Nominees Sdn Bhd (SD Nominees) has not given rise to a mandatory offer obligation and seek for an Order of the High Court to compel SD Nominees to make a mandatory offer at the price of RM2.30 per E&O share.

On 25 January 2012, SC filed an application to recuse the learned judge.

On 31 January 2012, SD Nominees filed an application to expunge that part of the Applicant's affidavit and the exhibit (JP Morgan's press interview) which alleged that SD Nominees had admitted to having obtained majority control in E&O on the basis that it constituted hearsay statements and was inadmissible.

On 2 April 2012, the learned judge dismissed the recusal application with costs of RM3,000.00 to be paid by SC to the Applicant. SC filed a notice to appeal to the Court of Appeal against the decision of the High Court to dismiss the recusal application on 2 May 2012 (SC's Appeal). SC's Appeal was fixed for hearing on 9 August 2012.

On 9 April 2012, the registrar fixed the application to expunge for hearing on 24 July 2012. The substantive judicial review is fixed for mention on the same day.

On 1 June 2012, SC filed and served an application to stay the High Court proceedings pending the disposal of SC's Appeal (Stay Application).

At the mention on 21 June 2012, the registrar fixed both the application to stay and the application to expunge for hearing on 24 July 2012.

The hearing of the substantive application which was scheduled on 24 July 2012 has been converted to a mention following the Applicant's request and pending the disposal of SC's Appeal to the Court of Appeal.

On 24 July 2012, the Counsel for the Applicant and SC informed the Court that in relation to the Stay Application, the parties have agreed for a stay to be granted until 9 August 2012, being the hearing date of SC's Appeal (Interim Stay). The Judicial Review substantive application and SD Nominees' application to expunge parts of the Applicant's affidavit were fixed for case management on 14 August 2012.

On 9 August 2012, the Court of Appeal adjourned SC's Appeal to 2 October 2012.

On 14 August 2012, SC and the Applicant have agreed to stay the Judicial Review proceeding until 2 October 2012, being the hearing date of SC's Appeal or alternatively if the hearing of SC's Appeal is adjourned, until the next case management date. The case management of the Judicial Review proceedings was fixed on 10 October 2012.

On 2 October 2012, the Court of Appeal dismissed SC's Appeal with costs of RM10,000.

**SIME DARBY BERHAD**  
**(Company No: 752404-U)**

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**B11. Material Litigation (continued)**

Changes in material litigations since the date of the last annual statement of financial position up to 23 May 2013 are as follows: (continued)

On 10 October 2012, the Court fixed another case management of the Judicial Review proceedings on 9 November 2012 and SD Nominees' application to expunge for hearing on 21 November 2012.

On 9 November 2012, the Court fixed 27 November 2012 as the new hearing date for SD Nominees' application to expunge. The substantive Judicial Review application was fixed for mention on the same date after the said hearing.

On 27 November 2012, the Court adjourned the hearing of the application to expunge pending the Applicant's solicitors' reconsideration of their position on the part of the Applicant's affidavit and exhibit SD Nominees sought to expunge. The Court fixed the next case management on 30 November 2012 pending the filing of a corrective affidavit from the Applicant.

On 28 November 2012, the Applicant's solicitor forwarded a copy of the proposed corrective affidavit for SD Nominees' consideration.

Subsequent case managements were held on 30 November 2012, 20 December 2012 and 28 December 2012 pending SD Nominees' consideration of the Applicant's proposed corrective affidavit.

On 28 December 2012, the parties have agreed to the contents of the proposed corrective affidavit and leave was granted for the Applicant to file the corrective affidavit within 14 days from 28 December 2012. Pending the filing of the corrective affidavit, the Court fixed the application to expunge for further case management on 16 January 2013.

On 16 January 2013, the application to expunge was withdrawn by SD Nominees in light of the corrective affidavit filed on 8 January 2013 by the Applicant. The Court has now directed the parties to file and exchange submissions in relation to the substantive Judicial Review application by 18 February 2013, which is also fixed for further case management.

On 18 February 2013, the Court has directed the parties to exchange their respective submissions by 30 April 2013 and submissions in reply (if any) by 17 May 2013, which is also fixed for further case management.

The Judicial Review is now fixed for hearing on 31 July 2013.

6. On 15 August 2012, Sime Darby Engineering Sdn Bhd (SDE) filed a Statement of Claim at the Qatar Court against Qatar Petroleum (QP) for the sum of QAR1,005,353,061 (equivalent to about RM880.9 million). This is the total amount of the outstanding invoices, compensation, performance bonds and additional costs in relation to the engineering project offshore in Qatar undertaken by SDE in favour of QP pursuant to a contract signed by both parties on 27 September 2006. However, the contract came into effect much earlier on 15 April 2006 and SDE had commenced work since then.

The contract was for the provisioning of engineering works, supply, installation and commissioning of 3 wellhead platforms (jackets and topsides), modifications to 34 existing platforms, 17 sub-sea pipelines between existing and new platforms, umbilical connections at various platforms and other works relating to development of Bul Hanine and Maydan Mahzan offshore oilfields.

The Court has fixed the first hearing on 9 October 2012. QP did not attend the first hearing on 9 October 2012 and the Court subsequently fixed another hearing on 28 November 2012.

On 28 November 2012, QP filed its Statement of Defence together with supporting documents (which were mostly in English). The Court fixed another hearing date on 10 January 2013 for QP to submit translations of the said documents. On 10 January 2013, QP filed its supporting documents in Arabic and on application by SDE, the Court granted SDE a further extension of time until 28 February 2013 for SDE to file its reply.

SDE filed its reply and the Court fixed another hearing date on 19 March 2013 for QP to file its reply, which reply has been filed.

**SIME DARBY BERHAD**  
**(Company No: 752404-U)**

Explanatory Notes on the Quarterly Report – 31 March 2013  
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**B11. Material Litigation (continued)**

Changes in material litigations since the date of the last annual statement of financial position up to 23 May 2013 are as follows: (continued)

SDE then applied for an extension of time to file its reply. The Court adjourned the case until 30 April 2013 to give its decision:

- (i) to allow SDE to file its reply; or
- (ii) to proceed with the appointment of experts; or
- (iii) to order that the case be transferred to the Administrative Court.

On 30 April 2013, the Court ordered for the case to be transferred to the Administrative Court. It is expected that the Administrative Court will fix another hearing date.

7. On 26 March 2013, Port Dickson Power Berhad filed a Notice of Arbitration against Tenaga Nasional Berhad (TNB) for the adjustments of Fixed Operating Rate and Variable Operating Rate. TNB then submitted its response to the arbitration notice on 29 April 2013. The parties are now deliberating on the appointment of arbitrators in accordance with the Kuala Lumpur Regional Centre for Arbitration (KLRC) Arbitration Rules. PDP has identified James Spigelman AC QC as its choice of arbitrator based on the recommendation of its solicitors and is awaiting TNB's notification of its arbitrator.

**B12. Dividend**

No dividend has been declared for the current quarter under review.

**B13. Basic Earnings/(Loss) Per Share**

	Quarter ended 31 March		Three quarters ended 31 March	
	2013	2012 (restated)	2013	2012 (restated)
Basic and diluted earnings/(loss) per share are computed as follows:				
Profit/(loss) for the period attributable to owners of the Company				
- from continuing operations	690.1	876.5	2,382.9	3,104.8
- from discontinuing operations	1.1	(0.5)	7.1	(53.7)
	<b>691.2</b>	876.0	<b>2,390.0</b>	3,051.1
Weighted average number of ordinary shares in issue (million)	<b>6,009.5</b>	6,009.5	<b>6,009.5</b>	6,009.5
Basic and diluted earnings/(loss) per share (sen)				
- from continuing operations	11.48	14.59	39.65	51.66
- from discontinuing operations	0.02	(0.01)	0.12	(0.89)
	<b>11.50</b>	14.58	<b>39.77</b>	50.77

Kuala Lumpur  
30 May 2013

By Order of the Board  
Norzilah Megawati Abdul Rahman  
Group Secretary